

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Advisory Branch

RESOLUTION NO. W-4281
October 25, 2001

R E S O L U T I O N

**(RES. W-4281), SOUTHERN CALIFORNIA WATER COMPANY,
(SCWC). ORDER AUTHORIZING A TEMPORARY
SURCHARGE TO OFFSET COSTS RESULTING FROM A
TEMPORARY ELECTRIC RATE INCREASE TO SOUTHERN
CALIFORNIA EDISON COMPANY (SCE) AND PACIFIC GAS
AND ELECTRIC COMPANY (PG&E) GRANTED BY
COMMISSION DECISION (D.) 01-03-082.**

SUMMARY

By Advice Letter 1095-W, filed April 16, 2001, revised by Supplemental Advice Letter 1095-W, filed on September 4, 2001, SCWC seeks to increase rates by \$802,420 or 0.48% to offset the estimated increased in purchased power costs that have occurred since its present rates became effective. The increase will not result in a rate of return greater than last authorized for SCWC.

BACKGROUND

Pursuant to Commission D.01-03-082, SCE and PG&E were granted a rate increase of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. As a result of the increase granted to SCE and PG&E, SCWC is seeking to increase its rates by implementing a temporary surcharge in its meter rate schedules to offset the \$802,420 or 0.48% estimated increase in purchased power costs.

SCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its purchased power costs. SCWC's twelve months summary of earnings ending May 2001 shows that these three districts are not over earning their last authorized rates of return on either a pro-forma or actual basis. These districts are within their rate case cycles.

The Water Division anticipates that many of the approximately 150 water and sewer companies the Commission regulates will be filing for similar offsets.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in the local newspaper of each district on April 26, 2001. The Water Division did not receive any letters objecting to the increase.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred since the present rates became effective. SCWC's Year 2000 recorded and pro forma rates of return in the Ojai District are 6.10% and 8.03%, respectively. In the Santa Maria District the corresponding figures are 8.78% and 8.21%. The latest authorized rate of return is 8.94%. This rate increase will not result in a return greater than that previously authorized, on either an actual or weather-normalization basis. These districts are within the rate case cycle.

Since the increase is caused by changes in expenses directly related to water consumption, it is applied to water usage for metered customers.

At proposed rates, the impact to SCWC customers will be the following:

Ojai: a commercial or residential customer on Schedule OJ-1 with a 5/8-inch x 3/4-inch meter, using 26 Ccf per month will experience a monthly increase of \$1.46 or 2.78% from \$52.57 to \$54.03.

Santa Maria: a commercial or residential customer on Schedule SM-1 with a 5/8-inch x 3/4-inch meter using 28 Ccf per month will experience a monthly increase of \$2.29 or 6.14% from \$37.23 to \$39.52.

In order to expeditiously process this type of filing from the approximately 150 affected water and sewer utilities, Water Division requests delegated authority to approve similar advice letters filed by other water and sewer utilities, if the filings are correct.

FINDINGS

1. The Commission finds, after investigation by the Water Advisory Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

THEREFORE IT IS ORDERED:

1. Southern California Water Company is authorized, five days after the effective date herein, to make effective the revised rate Schedules OJ-1, General Metered Service; OJ-7ML, Public Park Metered Service; SM-1, General Metered Service, SM-3ML, Limited Metered Irrigation Service; attached to Advice Letter 1095-W-A herein and to concurrently cancel the presently effective rates.
2. If Southern California Edison Company and/or Pacific Gas and Electric Company rates should be further increased, the offset requested in this advice letter would remain in effect until Southern California Water Company requests an offset to pass on those higher rates or until otherwise changed by the Commission. If the Southern California Edison Company and/or Pacific Gas and Electric Company rate increase should be reduced, Southern California Water Company will immediately file an advice letter requesting an offset to pass on the savings to customers.
3. If similar advice letter filings filed by other water and sewer service utilities follow the guidelines for offset filings established in 1983, the Water Division may approve these filings as a ministerial act.
4. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 25, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director